

September 16, 2002

Department of the Interior
Minerals Management Service
Mail Stop 4024
381 Elden Street
Herndon, Virginia 20170-4817



Via E-mail

Attention: Rules Processing Team

Subject: **International Association of Geophysical Contractors (IAGC)
Comments Oil and Gas and Sulphur Operations in the Outer
Continental Shelf; Geological and Geophysical (G&G) Explorations
Of the Outer Continental Shelf – Proprietary Terms and Data
Disclosure Proposed Rulemaking. 67 CFR 46942 (July 17, 2002)**

Reference: **AC-81 G&G**

Ladies and Gentlemen:

The International Association of Geophysical Contractors (IAGC) is pleased to comment to the Minerals Management Service (MMS) on the proposed rulemaking covering portions of 30 CFR Parts 250 and 251 concerning geological and geophysical operations on the Outer Continental Shelf. IAGC is the international trade association representing the industry that provides geophysical services (geophysical data acquisition, geophysical data and information ownership and licensing, geophysical data processing and interpretation, and associated service and product providers) to the oil and gas industry. Accordingly, IAGC and its members have an interest in this proposed rule.

Executive Summary:

First, MMS proposes to change the time frame in which geophysical and geological (G&G) data and information will be kept confidential. The geophysical industry has and continues to invest vast amounts of capital in non-exclusive data acquisition (also called multi-client or spec data) – geophysical data – and in its original processing and subsequent reprocessing into value added derivative products – geophysical information. Specifically, aggregate investments by IAGC members were \$214 million and \$62 million respectively in 2000 and \$281 million and \$92 million respectively in 2001. Aggregate annual investments in geophysical data are estimated to have peaked well above \$500 million in the mid-1990's. Particularly in the Gulf of Mexico, this investment is a critical component of the economic engine that drives the oil and gas exploration and production industry in its critical endeavor of supplying our nation with cheap, reliable energy. The economic models that support making the investments to create these non-exclusive geophysical data and information, which are risky

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investments, are being undermined on multiple fronts – mostly private, but some public. One example in the public arena is the recent withdrawal of lands scheduled to be offered for lease in MMS' Lease Sale 181. This withdrawal is estimated to have left IAGC members with investments of \$36 million stranded with little near future hope of recoupment. The proposed changes to the existing regulatory structure will have a chilling effect on new investments, particularly those to create new geophysical information such as in value-added derivative products. In at least one example IAGC members will present separately in their own comments to MMS, more than 40% of the time over which one would expect to recover the initial investment and earn a return will be lost as a result of the proposed rule change. Additionally, the MMS' proposed changes are not workable in some areas. While MMS considers the current record keeping requirements for managing this data to be complicated and burdensome, IAGC urges MMS to alter its proposed remedies in the manner set forth here in, which IAGC believes accomplishes MMS' information management goal while preserving an attractive climate in which IAGC's members can invest in non-exclusive geophysical data and information.

MMS also proposes to grant limited access and inspection of geological and geophysical data and information to persons with a direct interest in related MMS decisions and issues. The IAGC urges MMS to balance its need to disclose confidential geophysical and geological data and information with the data owners' need to have this information kept confidential for a reasonable time. IAGC suggests that MMS' proposed criteria for determining limited access is vague, over broad, and could allow those who do not own licensed rights to geophysical information damaging access to such information. Such access could further inhibit sales and further undermine the economic model on which the acquisition or processing investment is based. IAGC urges MMS to alter its proposed clarification of conditions under which MMS can allow limited viewing of geophysical data and information in the manner proposed in the attachment.

Attached is a discussion of the points raised above along with a proposal for a different approach to addressing MMS' issue of managing multiple confidentiality clocks and a request for additional language to further limit the conditions under which another party could view geophysical information. Again, we urge MMS to abandon the approach it has proposed and replace it with changes described herein.

IAGC appreciates the opportunity to comment to MMS on this proposed rule. If you have any questions please contact me at the number shown.

Very truly yours



G.C. Gill
President

Attachment

DISCUSSION OF MMS' CHANGES TO 30 CFR 250 & 251 AND IAGC'S PROPOSED ALTERNATIVE

THE NON-EXCLUSIVE DATA MODEL

Non-exclusive geophysical data and information (non-exclusive data) in the petroleum industry is data that is acquired, processed and often reprocessed, all at the expense of its owner. Geophysical or data companies own the vast majority of non-exclusive data, but oil and gas exploration and production (E&P) companies are also owners, particularly of that of older vintage. The required investment represents financial risk to the geophysical or data company who recoup that investment and secure a financial return (hopefully) by licensing it for a fee to E&P companies under a non-exclusive use-license. The use-licenses are restricted in that the buyer of the data license (the "licensee") may only use the data subject to important restrictions that protect the value of the asset for the owner. E&P companies who license non-exclusive data often reprocess the original data, thereby creating their own new geophysical information. By being non-exclusive, the owner may sell licenses to the same data to any number of different companies. The price for non-exclusive data is some fraction of the cost of creating the data, and is related to the number of licenses the owner believes can be sold. Industry estimates as to the fraction range between one fifth and one tenth. There are many types of non-exclusive geophysical data, however, in terms of capital investment, 2D and 3D seismic is the most significant in the industry. Today, non-exclusive data and information covers the entire Gulf of Mexico allowing E&P companies to purchase and use it to prospect across entire trends. The majority of the geophysical data acquired in the Gulf of Mexico and in data libraries is non-exclusive data acquired by geophysical or data companies.

HISTORICAL CONTEXT

From the beginning, the geophysical industry was built on proprietary 2D seismic reflection and refraction surveying – a single contractor working for a single oil company, acquiring and interpreting data, which the oil company then owned exclusively.

During the 1960's and 1970's it was not uncommon for geophysical contractors in the course of their primarily proprietary business to acquire occasional 2D "speculative" or non-exclusive seismic lines (also sometimes called multi-client lines or data) in frontier areas. Over these two decades, the geophysical companies operating onshore US, in the Gulf of Mexico, in the North Sea and the other major marine basins acquired a significant quantity of non-exclusive data. However, this business was purely a secondary endeavor for the industry during this period, and it was proprietary work that paid the bills. More often than not, non-exclusive data was acquired as a hedge strategy when weather conditions were outside proprietary contract specifications, or other factors prevented contract work from taking place.

The seismic exploration methodology of the E&P companies during this period was specific to trends and prospects. Data was acquired in pursuit of a specific play, and not in a systematic fashion designed to understand an entire basin in detail. Such large-scale regional surveying was beyond the economic reach of individual E&P companies.

In the early 1980's, a few pioneering geophysical companies envisioned the enormous potential of large scale, high quality non-exclusive 2D surveys in the US Gulf Coast Basin and the North Sea, and developed a business model to create them. This early effort proved successful and was very well received by the industry. It marked the beginning of the modern non-exclusive data business. The integrated geophysical companies, the new specialized non-exclusive data companies, and the data brokers ultimately became participants in the business.

By the middle 1980's, significant quantities of modern non-exclusive 2D data had been acquired and E&P companies were becoming accustomed to its attractive price, good design and high quality. Then a series of difficult downturns rocked the E&P industry and began a painful process of downsizing and technical outsourcing which has continued unabated to the present day. This steadily increasing economic pressure on the industry changed the dynamics of the non-exclusive data business. New geological and geophysical data has always been the lifeblood of exploration. Many E&P companies were created on business models that depended on the lower cost of non-exclusive data, and it became the primary driver for cost effective exploration across much of the industry. As a result, during the 1980's more and more of the geophysical business shifted from the proprietary business model to the non-exclusive model, particularly in the Gulf of Mexico. The rate of data collection and capital investment increased.

As non-exclusive data libraries grew, and the 2D grids were in-filled, the density of data coverage increased to the point that E&P companies could not only use them for regional work but also for prospect specific work. For the first time, E&P companies could generate prospects across an entire basin and relate them one to another in detail via a regular, consistent grid of high quality data. And in some cases the data quality was exceptionally high. Forward-looking data companies realized quickly that higher data quality meant better sales and a longer shelf life for the product. As a result, acquisition technology and performance specifications on non-exclusive surveys were often superior to those on proprietary surveys. By the end of the 1980's, the majority of all marine 2D data in the world was being collected on a non-exclusive basis, and the business was fully developed.

Throughout the 1980's at the same time the global 2D data libraries were growing, 3D seismic technology and methodology was rapidly evolving. By the latter part of the decade, the supporting technology had advanced sufficiently that the method was reaching full bloom. Major E&P companies were logging an impressive track record of improved drilling success rates using 3D. As with 2D, 3D surveys were acquired initially only under the proprietary business model. However, as technology brought the volume cost of 3D data down, and as the major marine basins began to become saturated with marine 2D data, several geophysical companies began to acquire non-exclusive 3D data. In 1998 MMS changed the period for which all geophysical data and information would remain confidential

for 25 years. After a few missteps, the business in the Gulf of Mexico, where small block size and rapid acreage turnover proved to provide the correct mix of economy of scale and multiplicity of sales, took off.

The shift from the proprietary to non-exclusive business model, and from 2D to 3D continued into the 1990's. Because of the success of non-exclusive 2D data in the prior decade, the industry moved much more rapidly to embrace the non-exclusive business model for 3D data, particularly in the Gulf of Mexico. 3D data, however, was much more expensive than 2D data. Therefore, the capital investments in data being made by the geophysical industry in the 1990's were many times greater than the investments made in the prior decade. The industry-wide rate of investment increased throughout the decade as more and more companies embraced non-exclusive 3D surveying.

By the middle of the 1990's, the non-exclusive business model was dominating 3D data acquisition in the Gulf of Mexico. By 1995 owners of non-exclusive data started applying new processing technology to the early data to better image below the salt. Around this same time the large boats were added to the geophysical contractor's fleets and over the next few years the deepwater Gulf of Mexico was covered with 3D data.

Today, the non-exclusive data business plays a preeminent role in the geophysical industry, representing approximately half of annual data acquisitions and processings. The majority of all 3D geophysical data acquired in the Gulf of Mexico are being acquired on a non-exclusive basis.

THE GEOPHYSICAL INDUSTRY HAS AND CONTINUES TO INVEST HEAVILY IN NON-EXCLUSIVE DATA ACQUISITION AND PROCESSING AND SUBSEQUENT REPROCESSING INTO VALUE ADDED DERIVATIVE PRODUCTS – IN GEOPHYSICAL DATA AND INFORMATION.

As noted in the historical write up, geophysical companies invest their capital to acquire non-exclusive data, taking the risk that they will be able to recoup their investment plus a reasonable return. This investment represents an additional source of exploration capital in the full-cycle E&P economic model.

In fact, IAGC members in the year 2000 invested approximately \$214 million in data acquisition and initial processing and \$62 million in reprocessing existing data. In the year 2001 they invested \$281 million in data acquisition and initial processing and \$92 million in reprocessing existing data. Aggregate annual investments in geophysical data are estimated to have peaked well above \$500 million in the mid-1990's.

PARTICULARLY IN THE GULF OF MEXICO, THE INVESTMENT IN NON-EXCLUSIVE GEOPHYSICAL DATA AND INFORMATION IS A CRITICAL COMPONENT OF OIL AND GAS EXPLORATION AND DEVELOPMENT.

Oil and gas production from the US Outer-Continental Shelf (OCS), and particularly from the Gulf of Mexico, the federal portion of which is managed by the MMS, represents a predictable, stable, secure supply of energy which is critical to the health of the entire US economy. The E&P industry as a whole invests vast amounts of capital to ensure this is the case. Factors that make the Gulf of Mexico in particular an attractive place to invest include political stability, a highly developed infrastructure, proximity to a huge transparent market for the production, an attractive regulatory environment and a free market of information and ideas.

Compared to other producing regions throughout the world, the Gulf of Mexico can be described as having an attractive regulatory environment, which clearly allows the E&P industry to be more efficient and effective in its search for and extraction of oil and gas. The MMS' regulatory environment provides for regular lease sales which are generally predictable (the exception being Sale 181) and around which E&P, geophysical and data companies can plan. Block sizes are relatively small, avoiding large areas to be held by operations or production on a small portion. Lease terms force lessees to drill, develop or release their acreage, assuring its quick return availability to the E&P industry. Geophysical and data companies are allowed to acquire non-exclusive data anywhere they believe it is economically and financially justifiable, particularly across regions and trends, and enjoy (at least until now) the certainty of long confidentiality periods over which to earn back their investment plus a return.

All of the factors cited above, but especially the regulatory environment, when coupled with recent advances in technology (geophysical data acquisition, processing and reprocessing, computing power, horizontal and directional drilling, deepwater drilling and production advances, etc.) allowed the Gulf of Mexico to emerge from its "dead sea" status of the early 1990's (only a few majors exploring the deepwater, majors exiting the shelf in favor of foreign investment opportunities, etc.). These factors have enabled the Gulf of Mexico to globally be the most attractive producing province for investment by the E&P industry, including geophysical and data companies. They have also allowed for the convergence of ingenuity, technology and free market forces to create a dynamic, efficient free market of information and ideas.

In addition to facilitating this free market of ideas, the multi-client business model represents an additional source of exploration capital in the full-cycle E&P economic model. This investment and risk on the part of the geophysical and data companies provides the following benefits. This list is neither exhaustive nor all inclusive.

- Lowers the economic barriers to exploring for and producing oil and gas in the Gulf of Mexico, thereby allowing smaller E&P companies to overcome the barriers and deploy their capital there;
- Lowers the barriers to entry into riskier and often more expensive plays;
- Allows many more E&P companies to prospect on a trend wide basis or a regional basis, creating the opportunity to correlate new well information across large areas and extend new ideas beyond the immediate vicinity of success;
- Facilitates higher exploration and development drilling success rates;
- Provides E&P companies the opportunity for greater resolution of subsurface images when making large value exploitation and development decisions, thereby improving the quality of those decisions and reducing the cost of poor decisions;

- Enables smaller, more marginal projects to pass economic hurdles and therefore be pursued;
- Improves the economic efficiency of E&P investments, making them more attractive and easier to justify, resulting in more such investments;
- Provides the MMS with greater data with which to make its decisions about operational matters; and
- Provides the opportunity to create sub-surface maps which can help MMS in its stewardship of the natural resources.

THE ECONOMIC AND FINANCIAL MODEL THAT SUPPORTS NON-EXCLUSIVE GEOPHYSICAL DATA AND INFORMATION INVESTMENTS IS BEING UNDERMINED ON MULTIPLE FRONTS – MOSTLY PRIVATE, BUT SOME PUBLIC. IF NOT DONE PROPERLY, THIS PROPOSED RULE COULD ADD TO THIS TREND.

The economic and financial model on which almost all investments in non-exclusive geophysical data and information are made is being undermined by a consolidating E&P industry, regulatory or other governmental action, denial of access to prospective areas, escalating cost of acquisition of data, leveraging of concentrated purchasing power to detrimentally change license terms retroactively (transfer fee issue in mergers or consolidations), trampling of owners' rights which are generously assumed by data owners to be due to lack of knowledge of or failure to understand license terms and obligations (e.g. allowing unlicensed partners to benefit from licensed data, viewing of data by third parties, internet publishing of licensed data, etc.) etc. This is not a complete list. But of critical importance is the fact that the geophysical industry in the aggregate has delivered negative financial performance each of the last 6 years when measured by cash flows. There have recently been massive write-downs of the book value of geophysical data libraries. The owners of geophysical and data companies, which in many cases are shareholders, will not allow these circumstances to continue indefinitely. The recent exclusion of large portions of acreage long planned for inclusion in MMS Lease Sale 181 delivered a direct financial blow to this model. IAGC members lost in excess of \$36 million in direct investment as a result of this exclusion. E&P companies made advance purchases of non-exclusive data and therefore lost a considerable sum as well. Had these early sales not taken place, IAGC's members' losses would have been much greater.

The validity of the fundamental economic and financial model under which non-exclusive geophysical and data owners make their investments is being questioned. MMS should not lightly undertake changes to its regulatory structure that supports these investments without giving proper weight to the importance of the investments and the affect the proposed rule will have on these investments.

THE PROPOSED CHANGES TO THE EXISTING REGULATORY STRUCTURE WILL HAVE A CHILLING EFFECT ON NEW INVESTMENTS, PARTICULARLY THOSE TO CREATE NEW GEOPHYSICAL INFORMATION SUCH AS VALUE-ADDED DERIVATIVE PRODUCTS.

First and perhaps foremost, by making this proposal retroactive to all geophysical data and information, MMS adds a new risk to the economic and financial model on which these investment decisions are made: is the MMS going to change the ground-rules again in the future in a way which will make it harder to recoup this investment? In the absence of specific knowledge, prudence will dictate weighing the model down further with additional risk if MMS approves this rule as proposed. Projects that are marginal without this new risk will not be pursued, and the benefit to MMS, as the resource manager, and the nation will be lost. Additionally, at some point the trends mentioned above which are undermining the economic and financial model will, in the aggregate, overwhelm the benefits of the investments. MMS, as the resource manager, and the nation will lose a valuable contribution to the economic engine that drives the Gulf of Mexico E&P industry.

Secondly, IAGC members such as TGS NOPEC, WesternGeco, Veritas, Fairfield, Geophysical Pursuit and others will provide company specific examples of how the proposed changes will shorten the confidentiality period for existing and future geophysical data and information. In some cases the confidentiality period will be shortened by more than 10 years. In such a case, more than 40% of the time over which one would expect to recover the initial investment and earn a return will be lost. By any measure this is significant and in some cases it will kill investments. Through our recent experience the geophysical industry has learned that growth in value of original data acquired increasingly comes from continuous upgrade of geophysical information over time as new technology becomes available and as the needs of the E&P industry evolve. Recent examples of this include the subsalt play of the mid-90's and the deep gas play on the Gulf of Mexico shelf. These examples demonstrate that enhanced geophysical information, which is a new product and which currently enjoys its own 25 year confidentiality period, accelerates the pace of exploitation of new discoveries and reduces the risks of exploring such plays. It is these types of investments which will be most significantly affected by the proposed changes, but which arguably provide the most immediate benefit to the development of the resource.

Lastly, these value added derivative products created when legacy geophysical data is processed applying new technology and computing power are becoming increasingly vital to the E&P process in the Gulf of Mexico. It is becoming increasingly difficult to acquire new data in some areas of the shelf. Production facilities crowd the surface providing obstacles around which acquisition has to take place. This leaves holes in the data, which can be filled in by undershooting, but at a higher cost. The noise from these facilities can negatively impact data quality. We are also experiencing increasing scrutiny from MMS and NOAA Fisheries over the impacts of our acoustic pulses and other emissions on the health and well-being of marine mammals, particularly the sperm whale, which is also listed as an endangered species. New operational restrictions

have already been placed on data acquisition operations, and the trend is not likely to be arrested nor reversed. Some are suggesting that prime producing areas of the Gulf of Mexico should be designated as critical habitat, which would make access all the more difficult. All of these trends and factors point an increasing importance of the application of new processing technology to legacy geophysical data. MMS should avoid any action such as the proposed action that stifle this process.

THE MMS' PROPOSED CHANGES ARE NOT WORKABLE IN SOME AREAS.

There will be many examples where owners of geological information in particular will not be able to identify specific permit dates. Examples include:

- Those where E&P companies license geophysical data and through their own processing generate geophysical information. E&P companies do not request nor are they generally furnished information relative to the acquisition permits associated with such data. They will not have this information available without having to undertake a significant effort to collect information to develop the needed information;
- Those where data libraries have been bought out and specific information such as permit dates has been lost;
- Those where legacy data in the form of contiguous surveys acquired over a period of years are processed together applying new technology to deliver a new, seamless product targeting a new exploration objective. Recent examples of this include the deepwater sub-salt and the deep gas play on the shelf. In these cases, which permit date is used? Examples you will be furnished demonstrate that the difference can be a difference of 3 years or more.

WHILE MMS CONSIDERS THE CURRENT RECORD KEEPING REQUIREMENTS FOR MANAGING THIS DATA TO BE COMPLICATED AND BURDENSOME, IAGC URGES MMS TO ALTER ITS PROPOSED REMEDIES IN THE MANNER THAT FOLLOWS.

IAGC proposes that MMS alter its proposed rulemaking to provide geophysical information owners/creators with two alternatives for determining the confidentiality period for geophysical information:

- The first alternative is the same as in the proposed rule. No action would be required of the geophysical information owner/creator to receive this confidentiality period.
- The second alternative entitles the geophysical information owner/creator to a 25 year confidentiality period commencing with the date of completion of processing or reprocessing of the data with respect to that product only (doesn't affect any previously established confidentiality periods such as those which might already be established for the underlying geophysical data which is reprocessed). The geophysical information owner/creator must meet the following conditions to be entitled to The conditions which must be met are as follows:

- Product must meet the definition of geophysical information
- The geophysical information owner/creator must make successful application to MMS – an Application For 25 Year Confidentiality Period – which includes the following information:
 - Identification of the geophysical information – area, product name;
 - Identification of the original permit date – if there are more than one, the geophysical information owner/creator may request any one apply and MMS will, in the absence of compelling reason to the contrary, grant such request;
 - Identification of the date of completion of processing or reprocessing geophysical information;
 - Certification as to the accuracy of information contained on the application.
- MMS is encouraged to develop a form and method of transmittal (internet based data entry) which will allow geophysical information owners/creators to make application electronically and allow MMS to easily receive such information and easily transfer such application information in a database so as to enable MMS to quickly build a database of information contained on these applications.
- An application may be made within one year of adoption of MMS' new rule that includes multiple sets of geophysical information on one application. Thereafter, applications will only be for confidentiality periods for single sets of geophysical information.
- There will be a grace period of 1 year from the date this rule becomes final or one year from the date of completion of processing/reprocessing, whichever is later, for geophysical information owners/creators to submit Applications For 25 Year Confidentiality Period. After that time they will be prescribed from making applications and will be governed by the confidentiality period created under the first alternative.

IAGC URGES MMS TO ALTER ITS PROPOSED CLARIFICATION OF CONDITIONS UNDER WHICH MMS CAN ALLOW LIMITED VIEWING OF GEOPHYSICAL DATA AND INFORMATION IN THE MANNER PROPOSED IN THE ATTACHMENT.

To minimize the potential for further erosion of the value of an owners geophysical information, IAGC requests the proposed rule be tightened up to provide clearer guidelines under which geophysical data and information will be made available for limited inspection. IAGC has developed a Model Data Licensing Contract and has updated it several times over the years. This contract provides the framework for most data licensing contracts in place today, and much of the specific language of IAGC's Model Data Licensing Contract is included verbatim in industry data licensing contracts. This is the case with third party viewing and as a result, IAGC's third party viewing language and its restrictions is/are widely familiar across the industry. IAGC requests that MMS include the following language, directly adapted from IAGC's model data licensing contract:

Disclosure of geophysical data and information to persons with a direct interest in related MMS decisions and issues will be limited to such portions of the geophysical data and information directly pertaining to the decisions in question. This inspection must be done on MMS premises, in a secure environment under the direct supervision and control of MMS personnel.

MMS will not provide any viewing party a copy of any of the geophysical data and information nor any portion thereof and will not allow any such party to make, retain or remove from MMS premises any copy thereof. Disclosure of 3-D Data on a computer workstation shall not be permissible without the prior written consent of Data Owner.

IAGC REQUESTS MMS TAKE FURTHER STEPS TO PROTECT THE INTELLECTUAL PROPERTY AND OWNERSHIP RIGHTS OF GEOPHYSICAL INFORMATION OWNERS

Where feasible, IAGC requests that MMS publish a notice of ownership and owner rights similar to that which follows in a permanent manner on all forms of data released to the public (e.g. printed on cover of CD case or tape box). Where not possible, IAGC requests that such notice of ownership and owner rights be stated in an accompanying informational transmittal or cover letter to purchaser. The following is IAGC's suggested language:

This geophysical information is being released by the MMS pursuant to the requirements of the Outer Continental Shelf Lands Act. Notwithstanding the release of this geophysical information, this geophysical information remains the intellectual property of the party or parties who originally acquired the data or created the information, and is subject to their copyright and ownership rights. The rights of individuals or other entities to use this geophysical information for their own use upon its public release was a condition of their securing the original right to acquire the data either through their lease or by permit. The MMS urges everyone wishing to use publicly released data or information for any purpose other than their own to contact its owner.

An example from another industry is the warning message at the beginning of home videos. Such notification could be adapted for this purpose as follows and would also be acceptable to IAGC.

This information is to be used for the evaluation of hydrocarbon potentials by the individuals requesting the information from the MMS. The original data is valuable copy write of the data owner and the reproduction or redistribution of this information is prohibited.

IAGC further suggests that associated with this proposed rulemaking MMS address what it means for geophysical data and information to become public. It is IAGC's perception that the intent was for the public to have access the same information that the MMS has utilized in the past. In other parts of the world the geophysical industry has experienced companies that access public information and use it for more than their own information purposes. Scanning and creating digital versions that can be altered and resold has occurred and we expect that it will continue to occur. This practice harms the owner of geophysical data and information. It is most detrimental if it were to take place in the 50-year period of data exclusivity. IAGC urges MMS to define and clarify the use of publicly accessed geophysical data and information.

Finally, IAGC urges MMS to address the issue of the distribution of publicly available geophysical data and information. Huge amount of information will start to come available to the public 10 years from now. For the MMS to manage or outsource the management and distribution of this amount of information will be a very costly endeavor. Meanwhile each of IAGC's member companies who are major data owners has data storage and distribution facilities in place. IAGC urges MMS' consideration of a policy that provides, when information becomes public, that MMS lists the availability of data on their web site and direct interested parties to the owner of the geophysical data and/or information for copying and distribution. The geophysical industry has found that ownership rights are best protected when geophysical information owners are knowledgeable of who is in possession of geophysical data and its derivative information. There would be no license fee associated with the delivery of public information, and copying and distribution costs would be at those rates charged by owners to their E&P company customers. As stated, this would provide the data owner with records of where the information has been distributed and some control on potential abuse of the data and information. This solution will save the government a significant cost for data storage and distribution.

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